



Public Service Commission of Wisconsin

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PSC Adjusts Wholesale Telephone Rates *Continues to support competition in Wisconsin telephone market*

MADISON – The Public Service Commission of Wisconsin (PSC) discussed how to set new telephone wholesale rates that comply with federal cost standards, with the goal of continuing the competitive telecommunications market in Wisconsin.

The Commission based decisions today on federal requirements and provided a fair and balanced outcome. As a result, competition should continue to grow in the state and SBC Wisconsin will be sufficiently compensated for use of its network. Competition among telephone providers continues to increase in Wisconsin, which helps to drive prices down and creates more service choices for customers.

Today, the Commission discussed SBC Wisconsin's costs of maintaining the telephone network and the prices that competing telephone companies pay so they have access to that network. In a verbal decision, the Commission approved adjustments to the federal formula that will most likely result in an estimated 13% to 20 % increase for the wholesale rates SBC charges competitors.

The Commission will meet again to finalize its decision. The Commission will draft a final written order that will include the new rates by October 13, 2004, the statutory deadline for the order. The rates will take effect when the order is issued.

Noting that the impact of this decision on consumers is yet to be seen, the Commission said they plan to closely monitor the telecommunications market to ensure that competition continues to flourish and customers have service choices at reasonable rates.

In the Telecommunications Act of 1996, Congress established competition at the local telephone service level. The Federal Communications Commission requires state regulators to use the Total Element Long Run Incremental Costs (TELRIC) formula in setting the prices for service to competitors leasing lines from SBC. The decision the Commission made today was based on this formula and an extensive record created in the case.

The wholesale rates were first set by the PSC under this federal formula in July 2003 after lengthy testing and analysis. SBC Wisconsin filed with the PSC to change 27 different wholesale rates under a new state law that streamlined the review process (2003 Wis. Act 125) and the application was determined complete in April, 2004.

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